

# BUDGET LETTER

<b>SUBJECT:</b> CHANGES TO CERTAIN GENERAL STATEWIDE SECTIONS	<b>NUMBER:</b> 18-25
<b>REFERENCES:</b> BUDGET ACT OF 2018 (CHAPTERS 29 AND 30, STATUTES OF 2018)	<b>DATE ISSUED:</b> August 15, 2018
	<b>SUPERSEDES:</b> BL 16-29

TO: Agency Secretaries  
Department Directors  
Departmental Budget and Accounting Officers  
Department of Finance Budget and Accounting Staff

FROM: DEPARTMENT OF FINANCE

The Budget Act of 2018 contains changes to some general statewide sections that may affect various departments. The sections that have been added or substantially amended are described below:

**New: SECTION 3.10—Capital Outlay Project Phase Level**

Section 3.10 authorizes the Department of Finance to transfer necessary capital outlay items of appropriation. Beginning with the 2018-19 Budget, when the annual rollover of capital outlay expenditures from Hyperion to PeopleSoft occurs, the dollars will be rolled over at the *project phase* level rather than just at the higher *project* level. Therefore, as of the 2018-19 Budget, project funding will be displayed at the phase level in the Budget Bill/language sheets, consistent with the project authority detail in PeopleSoft.

**New: SECTION 6.10—Statewide Deferred Maintenance**

Section 6.10 provides one-time resources of \$305 million General Fund for deferred maintenance projects statewide. This proposal will allow departments to address the significant backlog of statewide deferred maintenance, help the state keep its assets functioning longer, and reduce the need to build costlier new infrastructure. Specific instructions to facilitate the implementation of this control section will be issued in a subsequent Budget Letter.

**New: SECTION 25.40—Contracted Fiscal Services Costs**

Control Section 25.40 authorizes the Department of Finance to adjust appropriations to remove amounts budgeted to reimburse the Department of General Services for Contracted Fiscal Services, budgeting and accounting services. Beginning in 2018-19, the Department of General Services' Contracted Fiscal Services costs will now be funded through the process for the recovery of general administrative costs (Pro Rata) instead of direct reimbursements from departments. Finance budget analysts will contact the affected departments for budget item and program information to properly reduce expenditure authority that is no longer necessary.

**Updated: SECTION 31.00—Salary Threshold for Position Reclassification**

Control Section 31.00 of the annual Budget Act provides authority to administratively establish and reclassify positions within an existing appropriation, subject to specified criteria. Section 31.00 sets the salary threshold for position reclassifications that require Department of Finance's review. The salary threshold has been increased to \$10,877 per month in the 2018 Budget Act, effective July 1, 2018.

The salary is consistent with the maximum salary of the newly established Information Technology Manager II classification. The intent of raising the threshold is to provide departments with operational flexibility, while maintaining oversight of higher-level classifications.

If you have any questions regarding these changes, please call your Finance budget analyst.

/s/ Todd Jerue

TODD JERUE  
Chief Operating Officer